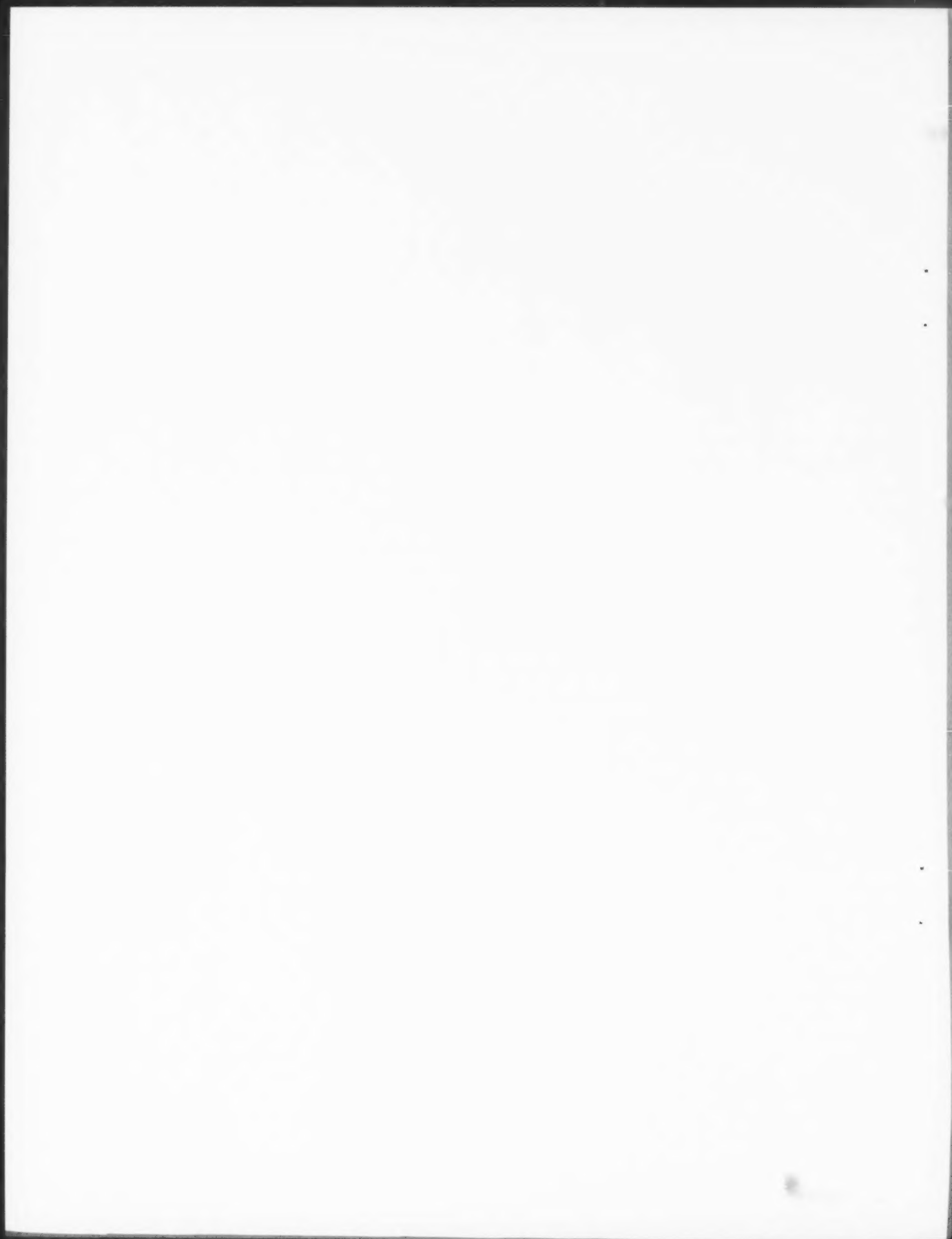


**STAFF PENSION PLAN FOR EMPLOYEES OF THE
SASKATCHEWAN LEGAL AID COMMISSION**

FINANCIAL STATEMENTS

For the Year Ended December 31, 2010





SASKATCHEWAN

Provincial Auditor Saskatchewan

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S4P 3V2

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan:

I have audited the accompanying statement of net assets available for benefits of the Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission (Plan) as at December 31, 2010, and the statement of changes in net assets available for benefits for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

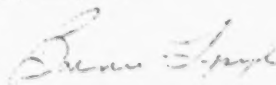
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

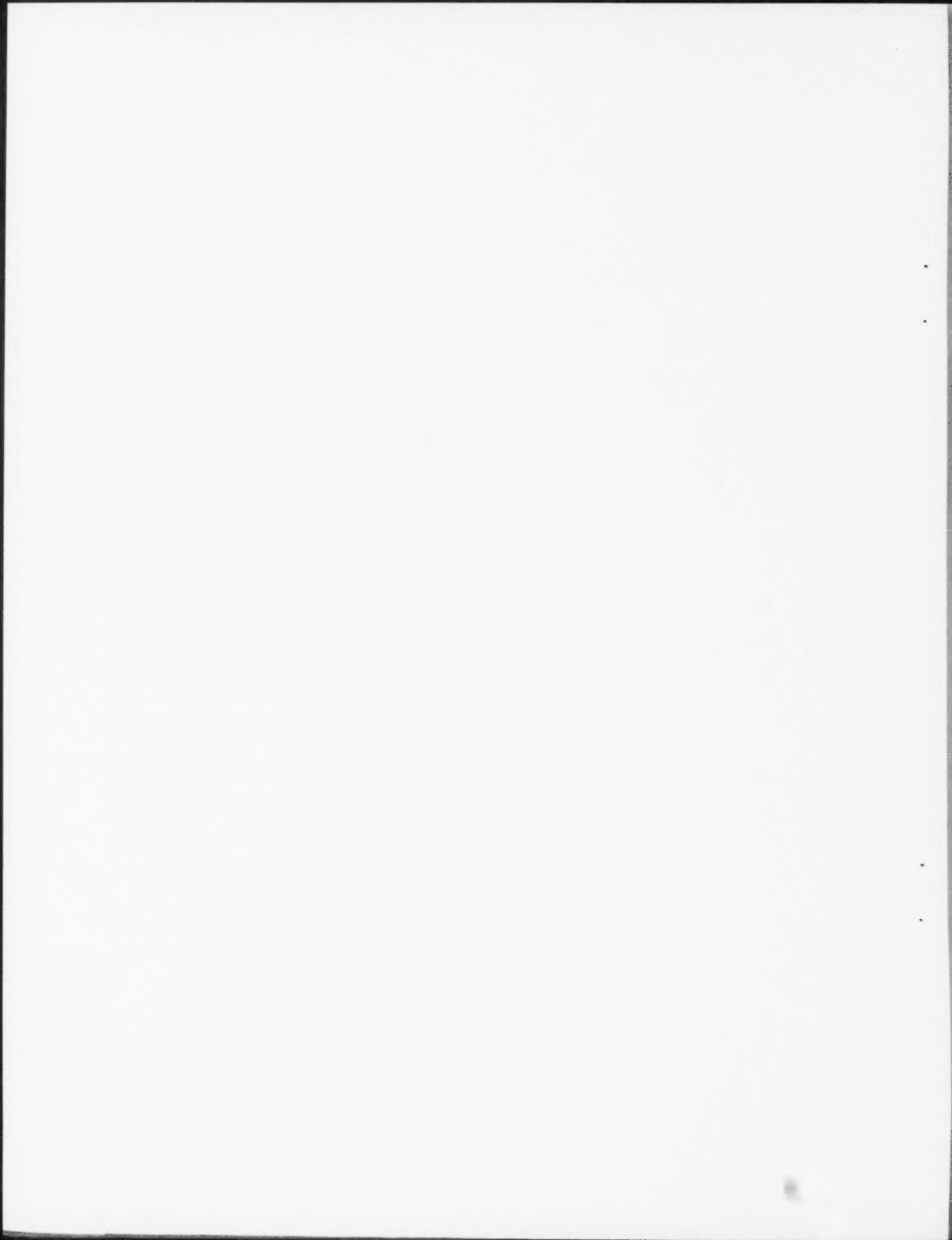
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2010, and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 16, 2011


Bonnie Lysyk, MBA, CA
Provincial Auditor

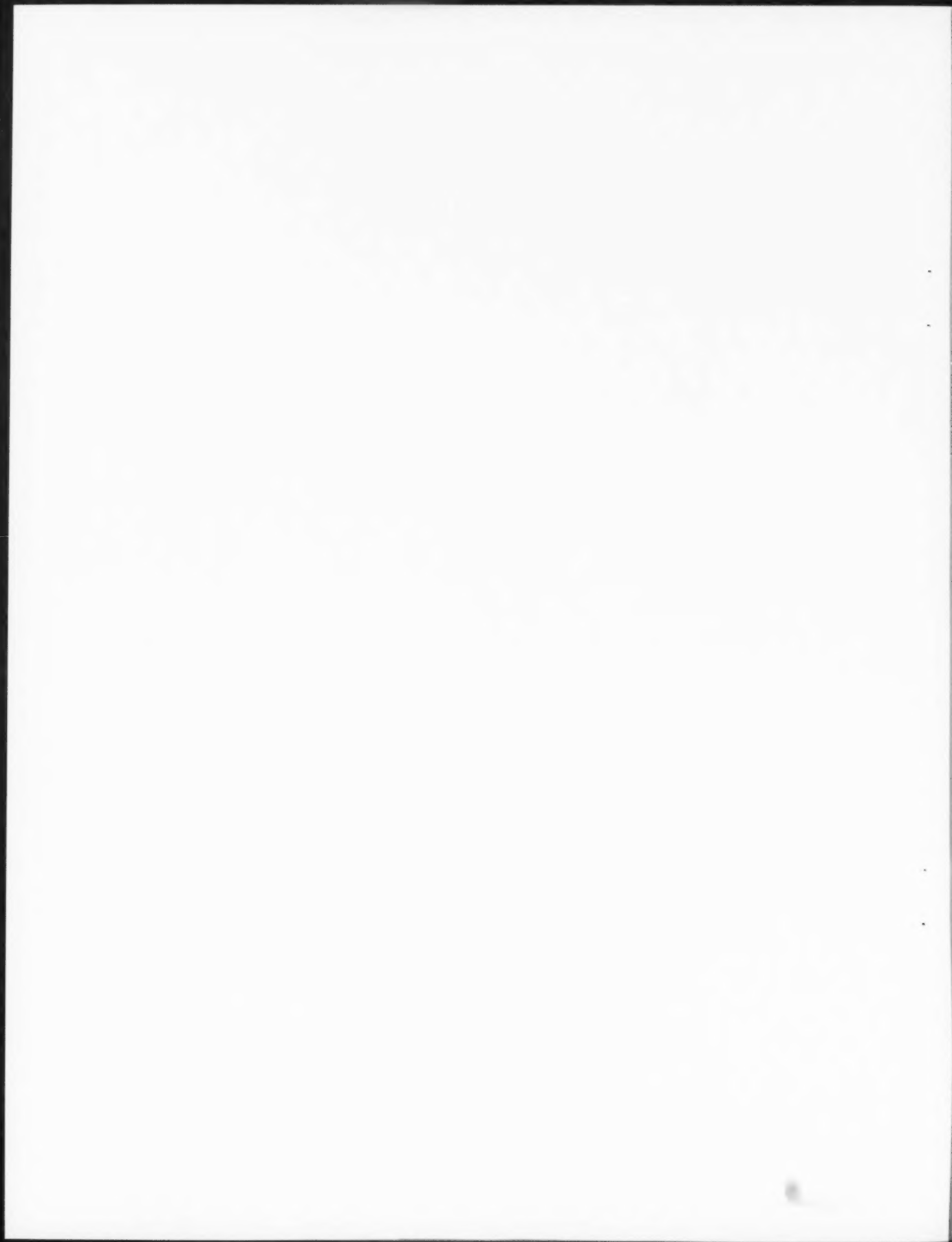


Statement 1

**STAFF PENSION PLAN FOR EMPLOYEES OF THE
SASKATCHEWAN LEGAL AID COMMISSION
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
As at December 31**

	<u>2010</u>	<u>2009</u>
Assets		
Investments (Note 3)		
Forfeiture account	\$ 74	\$ 3,133
Guaranteed funds	4,283,880	4,399,541
Pooled funds	<u>15,958,951</u>	<u>13,774,315</u>
	20,242,905	18,176,989
Prepaid Expenses	<u>21,457</u>	---
	20,264,362	18,176,989
Liabilities		
Accounts payable	---	1,284
Due to terminated members	<u>139,174</u>	<u>93,301</u>
	139,174	94,585
Net Assets Available for Benefits (Statement 2)	<u><u>\$ 20,125,188</u></u>	<u><u>\$ 18,082,404</u></u>

(See accompanying notes to the financial statements)

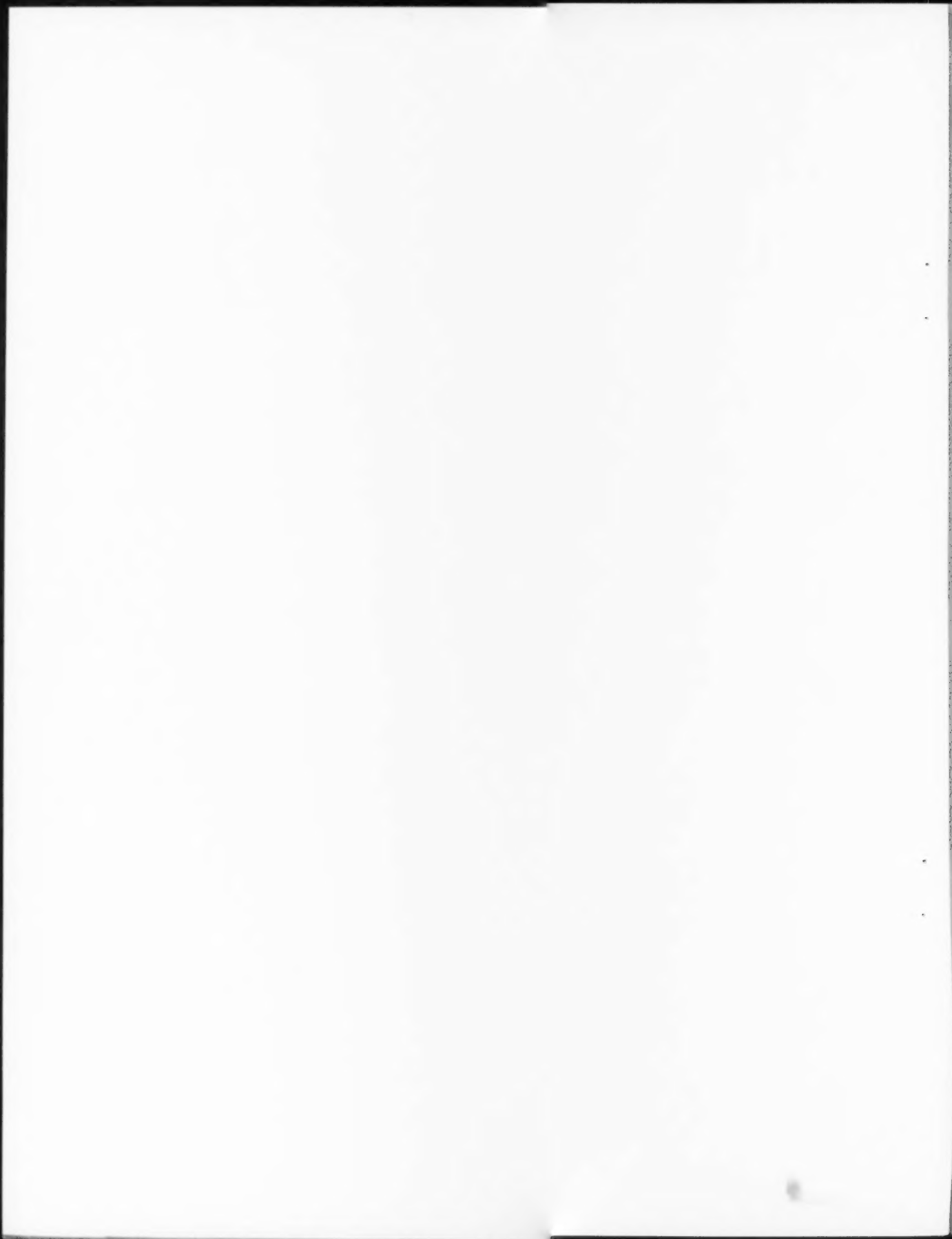


Statement 2

**STAFF PENSION PLAN FOR EMPLOYEES OF THE
SASKATCHEWAN LEGAL AID COMMISSION
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For The Year Ended December 31**

	<u>2010</u>	<u>2009</u>
Increase in Net Assets		
Investment income		
Interest	\$ 118,692	\$ 132,529
Current period change in market values of pooled funds	1,481,867	2,447,254
Contributions		
Members' required	688,775	713,856
Members' voluntary	9,300	9,300
Employer's required	<u>686,835</u>	<u>712,721</u>
Total increase in net assets	<u>2,985,469</u>	<u>4,015,660</u>
Decrease in Net Assets		
Administration expenses (Note 5)	50,645	65,831
Transfers and refunds	<u>892,040</u>	<u>578,524</u>
Total decrease in net assets	<u>942,685</u>	<u>644,355</u>
Change in net assets	2,042,784	3,371,305
Net assets available for benefits at beginning of year	<u>18,082,404</u>	<u>14,711,099</u>
Net Assets Available for Benefits at end of year (Statement 1)	<u>\$ 20,125,188</u>	<u>\$ 18,082,404</u>

(See accompanying notes to the financial statements)



**STAFF PENSION PLAN FOR EMPLOYEES OF THE
SASKATCHEWAN LEGAL AID COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010**

1. Description of Plan

The following description is in summary only. For more complete information, reference should be made to the Plan document.

a) General

The Staff Pension Plan for Employees of The Saskatchewan Legal Aid Commission (Plan), established in 1977, is a defined contribution plan registered under *The Pension Benefits Act, 1992* of Saskatchewan.

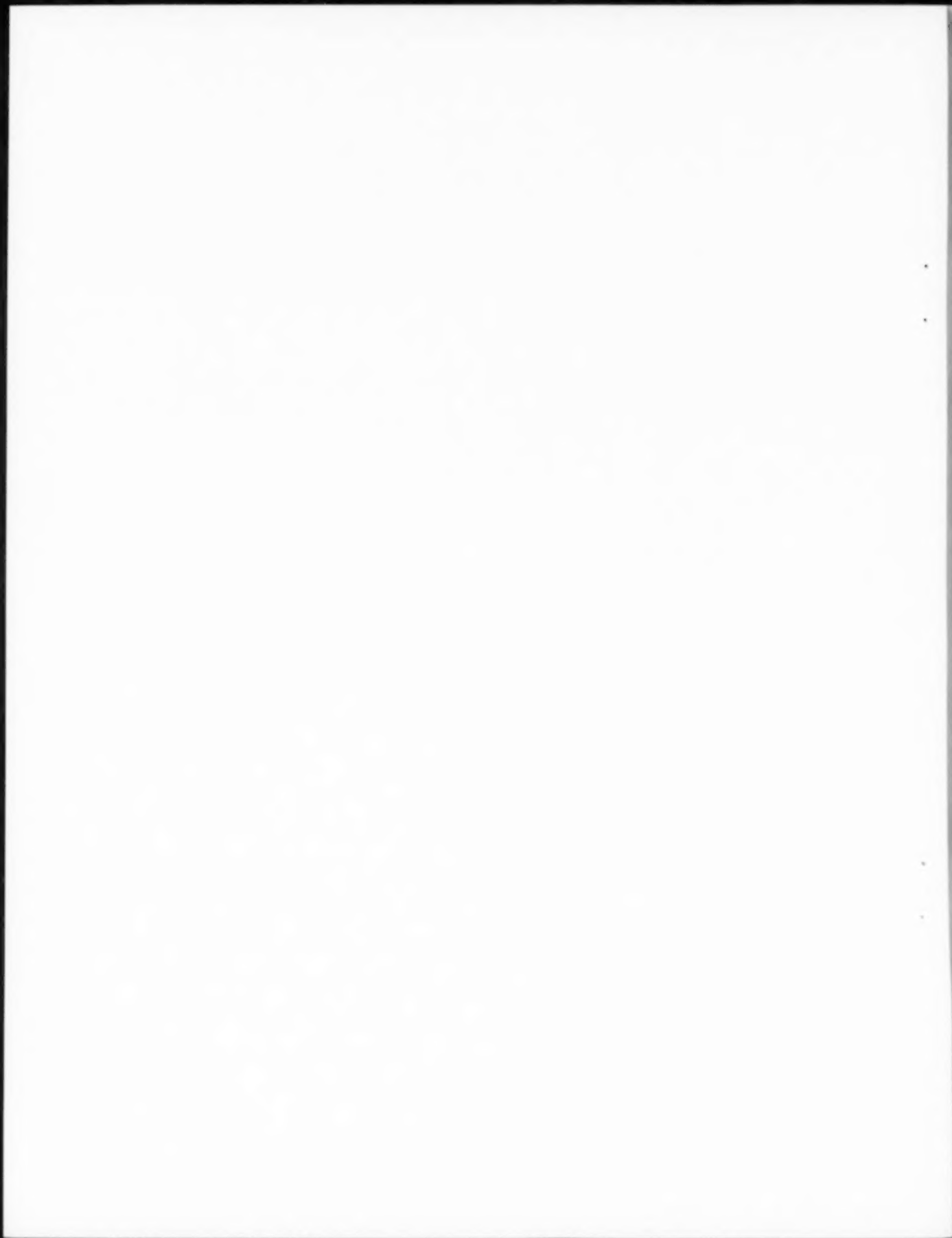
b) Administration

The Plan is administered and sponsored by a joint trustees arrangement. The joint trustees consist of four members, two appointed by The Saskatchewan Legal Aid Commission (Commission), and two appointed by C.U.P.E. Local 1949. Day-to-day administration is provided by the Commission for the Trustees. Manufacturers Life Insurance Company (Manulife Financial) was hired to provide custodial, investment management and recordkeeping services to the plan. They may use third parties to provide some of these services.

c) Contributions

All employees eligible for the pension plan contribute 5.7% of their earnings. Notwithstanding the preceding, employees who contributed 8% as at June 1, 2005 continue to contribute 8% of their earnings as per an agreement reached between the Commission and C.U.P.E. Local 1949. The Commission matches members' required contributions. The Commission's contributions are vested after two years of service. All members' contributions made before 1994 are considered additional voluntary contributions. The Commission's contributions made before 1994 are considered required contributions and subject to the minimum requirements of *The Pension Benefits Act, 1992* of Saskatchewan.

Members may make additional voluntary contributions which are not matched by the Commission.



d) Retirement, termination, or death

Upon retirement from employment, termination or death, a member's pension benefits, subject to vesting status, must be transferred from the Plan to another financial institution. Effective September 1, 2000, a member whose employment is terminated with the Commission must elect to transfer benefits from the Plan. If the member fails to make an election within 90 days after being provided with a statement outlining options and deadlines, the member's account will be transferred to a deferred life annuity which is not commutable. Effective April 1, 2002, a member eligible to retire may transfer funds from the pension plan directly to a prescribed RRIF, subject to spousal consent.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policy is considered significant:

Investments:

Investments are recorded as of the trade date.

Investments in the Forfeiture account and Guaranteed funds are recorded at market value, determined by reference to original cost plus accrued interest, which approximates their fair value.

Investments in Pooled funds are recorded at fair value, which is determined by reference to closing year-end unit prices. Current period changes in the value of Pooled funds are accounted for in the Statement of Changes in Net Assets Available For Benefits.

Investments recorded at fair value are categorized into levels within a fair value hierarchy, based on the nature of the inputs used in the valuation. Level 1 inputs are quoted prices in active markets for identical instruments. Level 2 inputs are valuations derived from observable market prices other than the quoted prices included in Level 1. Level 3 inputs are those not based on observable market data. All investments held by the Plan are categorized as Level 2.

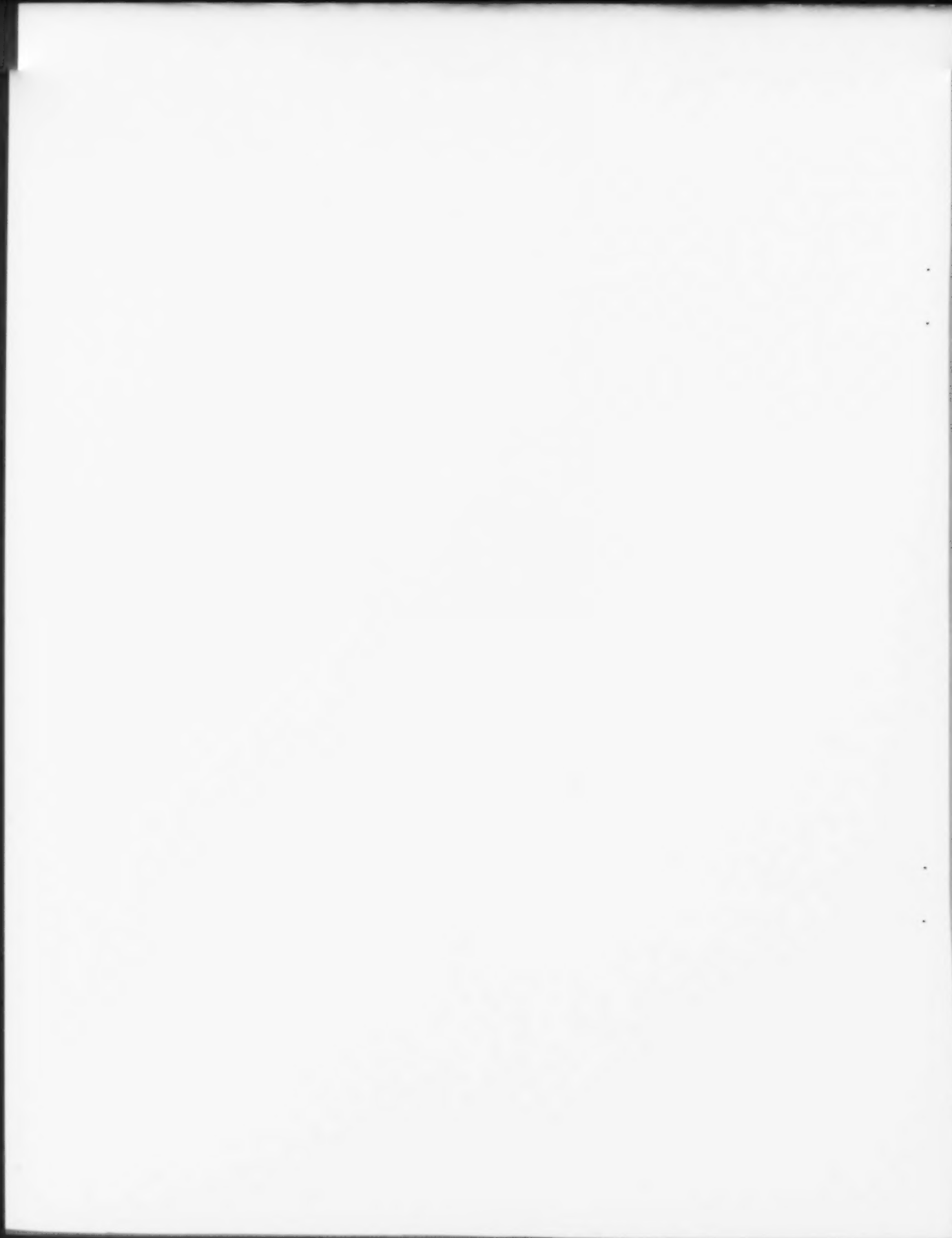
Interest income is recorded as earned.

3. Investments

The Plan allows participating members to invest in either the Guaranteed or Pooled funds. These funds offer a choice of different levels of income and growth, guarantees and risk taking.

The members' interest rate risk arises from the potential adverse consequences of interest rate changes on the value of the Plan's assets.

The members' credit risk for Guaranteed funds is minimal as all investments consist of Guaranteed Investment Certificates (GICs). For Pooled funds, the Trustees Statement of



Investment Policy and Goals¹ limits members' credit risk by regulating the aggregate and individual investments limits, by setting quality parameters of investments, and by setting constraints on allowable investments.

Forfeiture account: This account represents non-vested benefits forfeited by terminated employees. This fund is made up of a current interest bearing account.

Guaranteed funds: These funds are made up of a current interest bearing account, GIAs, and GICs from 1 to 5 years in length.

Pooled funds: The Pooled funds have no fixed interest rate and their return is based on the performance of the underlying investments. These funds include investments in the following Manulife Financial Funds at December 31, 2010:

BlackRock LifePath Index Retirement Funds: These Funds are managed to provide investors with a single fund that is broadly diversified among Canadian and International stocks, bonds and alternative investments that automatically evolves to a more conservative asset mix over time to match their investment time horizon.

Balanced Asset Allocation Fund: This fund is managed to provide a balance between growth of capital and current income, with a greater emphasis on growth of capital. The fund will generally maintain 60% of its investments in equity funds and 40% in bond funds, though each segment may vary up to 10% from time to time.

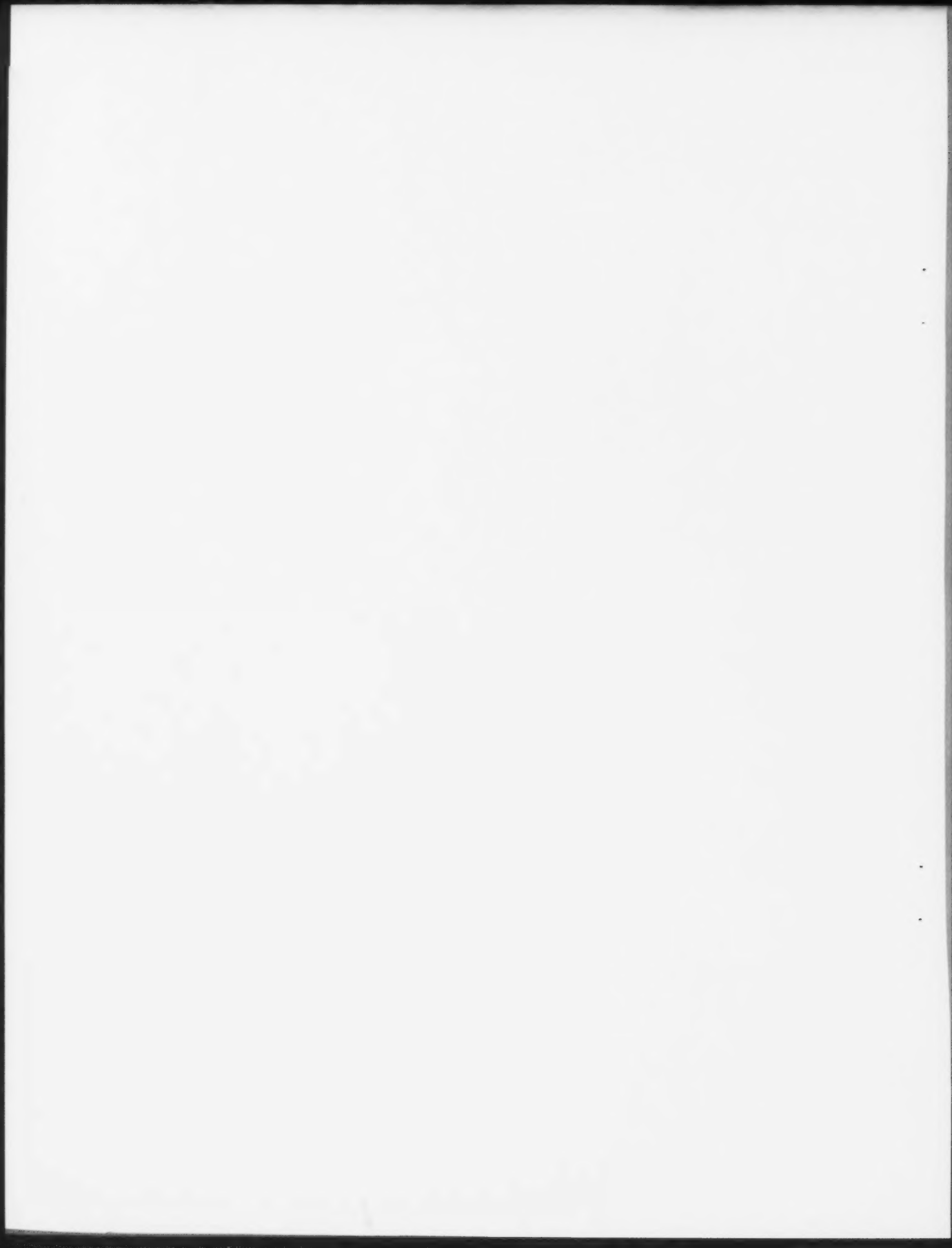
Growth Asset Allocation Fund: This fund is managed to provide a long-term growth of capital, with some consideration given to current income. The fund will generally maintain 80% of its investments in equity funds and 20% in bond funds, though each segment may vary up to 10% from time to time.

Aggressive Asset Allocation Fund: This fund is managed to provide a long-term growth of capital, with no consideration given to current income. The fund will generally maintain 100% of its investments in equity funds, though each segment may vary up to 10% from time to time.

Conservative Asset Allocation Fund: This fund is managed to provide a high level of current income and capital preservation with some consideration given to growth of capital. The fund will generally maintain 80% of its investments in bond funds and 20% in equity funds, though each segment may vary up to 10% from time to time.

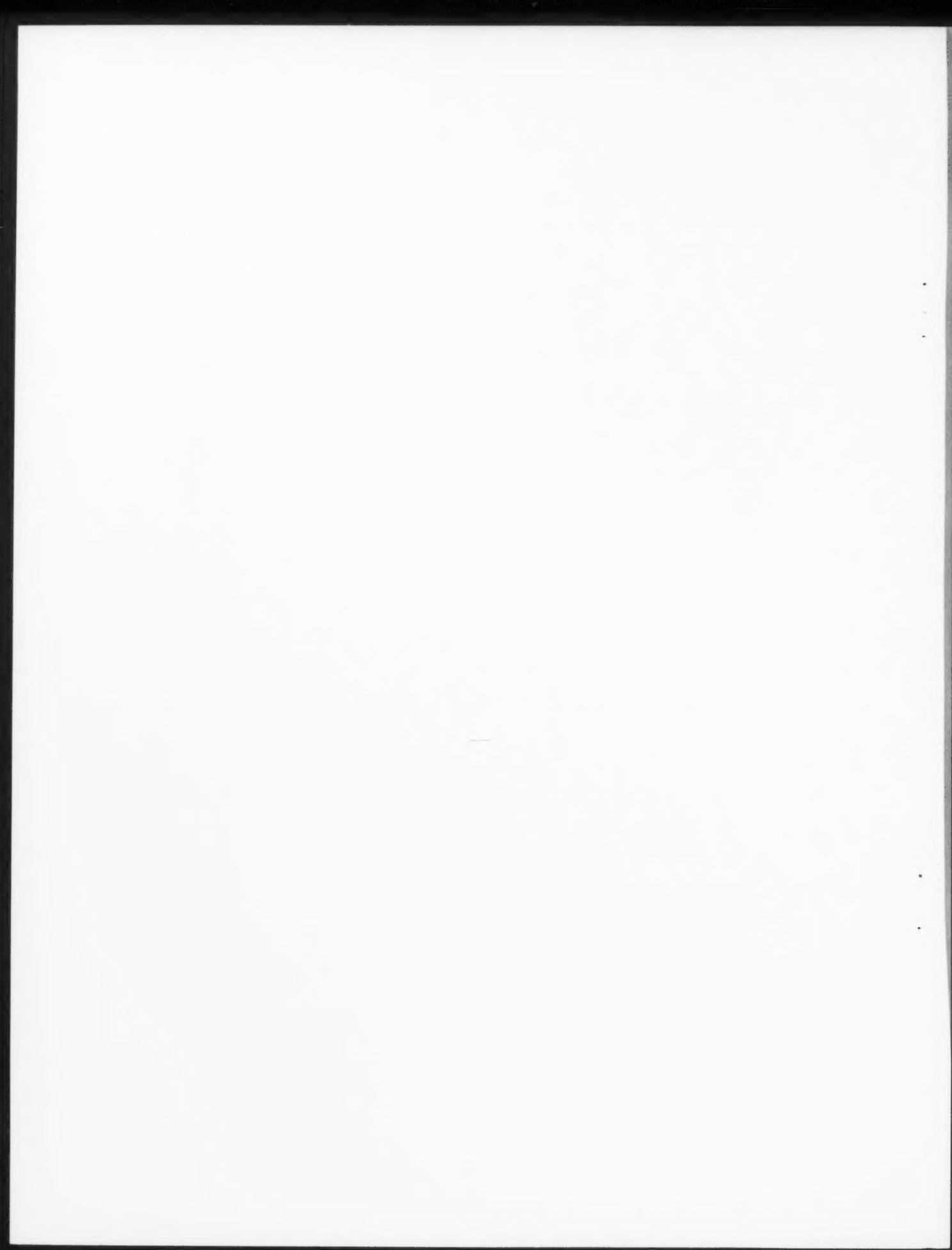
Moderate Asset Allocation Fund: This fund is managed to provide a balance between current income and growth of capital, with a greater emphasis on income and capital preservation. The fund will generally

¹ The Trustees Statement of Investment Policy and Goals is in accordance with *The Pension Benefits Act, 1992* of Saskatchewan.



Investments at December 31

	<u>2010</u>	<u>2009</u>
Forfeiture account:		
Current Interest Deposit Account	\$ <u>74</u>	\$ <u>3,133</u>
Guaranteed funds:		
Current Interest Deposit Account	564,609	487,391
1 Year GIA	696,212	709,938
2 Year GIA	350	84,524
3 Year GIA	511,091	495,798
4 Year GIA	807	206,322
5 Year GIA	2,269,259	2,406,508
10 Year GIA	---	9,060
MFC Bank Daily Interest	100,211	---
MFC Bank 4 Year GIC	1,858	---
MFC Bank 5 Year GIC	<u>139,483</u>	<u>---</u>
	<u>4,283,880</u>	<u>4,399,541</u>
Pooled funds:		
Target Date Funds		
BlackRock LifePath Index Retirement Fund 2015	13	---
BlackRock LifePath Index Retirement Fund 2020	605	---
BlackRock LifePath Index Retirement Fund 2035	1,209	---
BlackRock LifePath Index Retirement Fund 2040	3,639	---
BlackRock LifePath Index Retirement Fund 2045	3,529	---
Asset Allocation		
Balanced Asset Allocation Fund	1,226,393	1,146,835
Growth Asset Allocation Fund	857,587	747,679
Aggressive Asset Allocation Fund	529,655	399,216
Conservative Asset Allocation Fund	478,653	409,700
Moderate Asset Allocation Fund	407,371	258,385
Canadian Bond		
McLean Budden Fixed Income Fund	---	1,539,302
Fixed Income		
MFC Pooled Canadian Bond Index Fund	1,971,266	---
Balanced		
Leith Wheeler Diversified Pooled Fund	2,591,044	2,467,993
McLean Budden Balanced Growth Fund	1,516,566	1,436,074
Canadian Equity		
McLean Budden Canadian Equity Growth Fund	3,749,784	3,103,909
Beutel Goodman Canadian Equity Fund	1,319,865	---
MFC Canadian Large Cap Value Equity Fund	---	1,147,292
Global Equity		
McLean Budden Global Equity Fund	142,376	123,866



Investments at December 31 continued

	2010	2009
U.S. Equity		
McLean Budden American Equity Fund	363,496	213,051
MFC Global Pooled U.S. Index Fund	---	30,743
International Equity		
Sprucegrove International Equity Fund	795,900	---
International Equity Fund (Templeton)	---	750,270
	<u>15,958,951</u>	<u>13,774,315</u>
Total investments	<u>\$ 20,242,905</u>	<u>\$ 18,176,989</u>

4. Investment performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives. The Trustees review the investment performance of the Plan in terms of the performance of benchmark portfolio over 4 year rolling periods. The primary long-term investment performance objective for the entire portfolio is to out perform a benchmark portfolio.

The following is a summary of the Plan's investment performance at December 31, 2010 (2009):

	Actual Rate of Return 2010 (2009)(a)	One Year Average Investment Objective Return (b)	Rolling Four Year Average Rate of Return (b)	Rolling Four Year Average Investment Objective Return (b)
GIAs/GICs	Range during the year:		Not applicable	Not applicable
Daily	0.30% to 0.40% (0.30% to 0.60%)			
1 year	0.50% to 1.15% (0.75% to 2.65%)	0.69% (1.04%)		
2 year	1.35% to 1.90% (1.60% to 3.25%)			
3 year	1.70% to 2.65% (2.00% to 3.85%)	1.59% (2.14%)		
4 year	1.90% to 2.95% (2.75% to 3.95%)			
5 year	2.25% to 3.55% (3.25% to 4.10%)	2.22% (2.93%)		
10 year ^d	--- (3.50% to 4.50%)			
Manulife BlackRock LifePath Index 2015 ^c	9.84% (---)	10.10% (---)	Not applicable	Not applicable
Manulife BlackRock LifePath Index 2020 ^c	11.33% (---)	11.60% (---)	Not applicable	Not applicable
Manulife BlackRock LifePath Index 2035 ^c	11.34% (---)	11.60% (---)	Not applicable	Not applicable
Manulife BlackRock LifePath Index 2040 ^c	11.17% (---)	11.50% (---)	Not applicable	Not applicable
Manulife BlackRock LifePath Index 2045 ^c	11.10% (---)	11.50% (---)	Not applicable	Not applicable



	Actual Rate of Return 2010 (2009)(a)	One Year Average Investment Objective Return (b)	Rolling Four Year Average Rate of Return (b)	Rolling Four Year Average Investment Objective Return (b)
Manulife Balanced Asset Allocation Fund	11.20% (21.80%)	10.56% (16.92%)	2.84% (3.42%)	2.85% (3.30%)
Manulife Growth Asset Allocation Fund	12.58% (24.25%)	11.67% (20.73%)	1.22% (2.14%)	1.91% (2.70%)
Manulife Aggressive Asset Allocation Fund	14.53% (29.94%)	12.71% (24.53%)	0.55% (1.50%)	0.70% (1.85%)
Manulife Conservative Asset Allocation Fund	7.46% (10.92%)	7.13% (8.51%)	4.13% (4.19%)	4.23% (4.17%)
Manulife Moderate Asset Allocation Fund	8.97% (14.65%)	9.36% (13.09%)	3.28% (3.64%)	3.92% (3.99%)
Manulife Canadian Money Market Fund ^c	0.94% (---)	0.54% (---)	2.66% (---)	2.21% (---)
Manulife Pooled Canadian Bond Index Fund ^c	6.71% (---)	6.74% (---)	5.49% (---)	5.55% (---)
Manulife Leith Wheeler Diversified Pooled Fund	11.49% (16.70%)	9.52% (15.21%)	1.94% (2.66%)	2.04% (2.80%)
Manulife McLean Budden Balanced Growth Fund	8.94% (20.75%)	9.61% (15.39%)	2.61% (3.71%)	2.14% (2.77%)
Manulife McLean Budden Canadian Equity Growth Fund	16.51% (42.26%)	17.61% (35.05%)	3.55% (4.60%)	3.98% (3.90%)
Manulife Beutel Goodman Canadian Equity Fund ^c	16.84% (---)	17.61% (---)	5.12% (---)	3.98% (---)
Manulife McLean Budden Global Equity Fund	1.94% (13.38%)	5.93% (10.39%)	-4.43% (-0.54%)	-5.37% (-2.45%)
Manulife McLean Budden American Equity Fund	4.44% (11.54%)	9.06% (7.39%)	-3.39% (-0.99%)	-4.66% (-3.32%)
Manulife Sprucegrove International Equity Fund ^c	12.54% (---)	2.13% (---)	-3.94% (---)	-6.53% (---)
Manulife McLean Budden Fixed Income Fund ^d	--- (6.10%)	--- (5.41%)	--- (4.93%)	--- (4.88%)
Manulife MFC Canadian Large Cap Value Equity Fund ^d	--- (42.58%)	--- (35.05%)	--- (3.16%)	--- (3.90%)
Manulife MFC Global Pooled U.S. Index Fund ^d	--- (7.62%)	--- (6.61%)	--- (-3.53%)	--- (-3.63%)
Manulife International Equity Fund (Templeton) ^d	--- (15.30%)	--- (11.91%)	--- (-1.38%)	--- (-1.52%)

- a. Rates of return are before deducting investment expenses, except for GIC's which are net of investment expenses. Source: Manulife Financial's web-site and Aon Consulting Inc.
- b. Source: Aon Consulting Inc.
- c. These funds are recent additions to the investment options offered to the Plan members. The performance history has been shown for illustrative purposes.
- d. There is no investment performance reported on the fund for the current year. The fund was removed as an investment alternative in 2010, and any balance remaining in the fund was transferred to another predetermined investment alternative.

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5. Administration Expenses

The Plan has an agreement with Aon Consulting Inc. to help administer the annual operating expenditures associated with the Plan's administration. The Pension Plan Document allows for the payment of the following expenses from the pension fund:

- The fees of the investment manager and fund custodian; and
- Any expenses reasonably and properly incurred by the Trustees in the administration and operation of the Pension Plan and Pension Fund.

Any forfeited amounts which arise are applied towards the payment of any fees and expenses incurred by the Plan.

6. Related Party Transactions

Transactions with the Commission (a related party) and amounts due to or from it are described separately in these financial statements and the notes thereto.

The day-to-day administration provided by the Commission and Trustees are provided without charge to the Plan.

7. Future Accounting Policy Change

In April 2010, The Accounting Standards Board (ACSB) of the Canadian Institute of Chartered Accountants approved Section 4600, Pension Plans, as Part IV of the Handbook. The new section is based on the existing Section 4100, Pension Plans, in Part V of the Handbook, with the same substantive modifications including increased disclosures. The standards apply for annual financial statements relating to fiscal years beginning on or after January 1, 2011 with early adoption permitted. The Plan is evaluating the impact that these new standards will have on the financial statements.

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